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BEFORE THE ARIZONA CORPORATION

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AZ CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

APR 15 2011

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IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES, L.L.C. FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. WS-02987A-06-0663

**REQUEST TO EXTEND COMPLIANCE
DEADLINES AND NOTICE OF LEGAL
COUNSEL'S CHANGE OF LAW FIRM
AFFILIATION**

On April 16, 2007, the Arizona Corporation Commission ("Commission") issued Decision 69414 granting the application of Johnson Utilities LLC ("Johnson Utilities" or the "Company") for an extension of its certificate of convenience and necessity to include a development known as Skyview Farms. In Decision 69414, the Commission ordered that Johnson Utilities docket, within two years of the date of the decision, the following compliance items:

- Approval to Construct ("ATC") for the water facilities needed to serve the extension area.
- General Permit for the wastewater facilities needed to serve the extension area.
- An Aquifer Protection Permit ("APP") amendment indicating approval of the expansion of Johnson Utilities' Section 11 Wastewater Treatment Plant ("WTP") to 4.0 million gallons per day.
- An amendment to Johnson Utilities' Designation of Assured Water Supply ("DAWS") to include the extension area.

Under a cover letter dated March 13, 2009 (and docketed March 16, 2009), Johnson Utilities filed a copy of an amendment to its DAWS issued by the Arizona Department of Water Resources in compliance with Decision 69414. Also, in a letter docketed March 16, 2009,

1 Johnson Utilities requested a two-year extension of the deadlines for the remaining compliance
2 items in Decision 69414. In support of its request, the Company notified the Commission that
3 the developer of Skyview Farms had delayed the start of the project due to the slow down in the
4 real estate market, which in turn, delayed the need for obtaining the ATC, the General Permit,
5 and the amendment to the APP for the Section 11 WTP. The Company further notified the
6 Commission that the developer was still in need of service, and in fact, the developer
7 subsequently submitted a letter dated May 20, 2009, which reaffirmed the developer's desire to
8 obtain water and wastewater services from Johnson Utilities. In staff report dated June 3, 2009,
9 Staff supported the Company's request for an extension of the compliance deadlines, and in
10 Decision 71242, the Commission approved the requested two-year extension to April 16, 2011.

11 The severe economic downturn that has battered the Arizona real estate market has
12 persisted and delayed the start of many planned residential developments, including Skyview
13 Farms. Johnson Utilities has been in contact with the developer of Skyview Farms, and the
14 developer has reconfirmed both its intent to proceed with the development as soon as market
15 conditions improve and its desire that Johnson Utilities provide water and wastewater services
16 for the development. A copy of a letter from the managing members of Skyview Farms dated
17 April 15, 2011 confirming these representations is attached hereto as Attachment 1.

18 Market conditions are showing signs of stabilizing in the Phoenix metropolitan area and
19 should begin to improve in the near term. Michael Orr is a housing expert and publisher of the
20 Cromford Report which provides daily analysis on the real estate market in the Greater Phoenix
21 area. In a March 17, 2011 publication, Mr. Orr reported that housing market indicators are
22 turning positive, signaling that prices will strengthen over the next six to nine months.¹ In
23 addition, Johnson Utilities is continuing to see new service connections in its service area.

24 The deep recession and real estate crash of the past several years are truly extraordinary
25 circumstances which have not been seen since the Great Depression. Because the Skyview
26 Farms development has been delayed, Johnson Utilities requests an additional two-year
27

28 ¹ See <http://www.cromfordreport.com/good-news.html>.

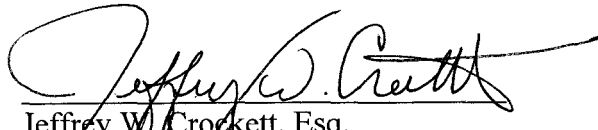
1 extension of the three remaining compliance deadlines in Decision 69414.² There will likely be
2 a need for water and wastewater services for Skyview Farms in the next two years, and it would
3 not be a prudent use of the Commission's resources, the Company's resources, or the developer's
4 resources to start over with a new application for a CC&N extension. Johnson Utilities' request
5 for an extension of the deadline for the remaining compliance items is reasonable in light of the
6 circumstances in this case, and the Company respectfully requests that the Commission grant its
7 request.

8 Notice is hereby given that counsel undersigned has changed his law firm affiliation, and
9 future communications, pleadings, procedural orders and other filings in this docket should be
10 addressed as follows:

11 Jeffrey W. Crockett, Esq.
12 Brownstein Hyatt Farber Schreck LLP
13 40 North Central Avenue, 14th Floor
14 Phoenix, Arizona 85004
15 e-mail: jcrockett@bhfs.com
16 direct: (602) 382-4062
17 fax: (602) 382-4020

18 RESPECTFULLY submitted this 15th day of April, 2011.

19 BROWNSTEIN HYATT FARBER SCHRECK,
20 LLP

21 

22 Jeffrey W. Crockett, Esq.
23 40 N. Central Ave., Fourteenth Floor
24 Phoenix, Arizona 85004
25 Attorneys for Johnson Utilities LLC

26 ORIGINAL and thirteen (13) copies of the
27 foregoing filed this 15th day of April, 2011, with:

28 Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

² The three remaining compliance items are the first three bulleted items on page one of this pleading.

1 Copy of the foregoing hand-delivered
2 this 15th day of April, 2011, to:

3 Lyn Farmer, Chief Administrative Law Judge
4 Hearing Division
5 ARIZONA CORPORATION COMMISSION
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Steve Olea, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 COPY of the foregoing sent via first class
19 mail this 15th day of April, 2011, to:

20 Mr. Nathan Andersen
21 3850 East Baseline Road, Suite 114
22 Mesa, Arizona 85206

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ATTACHMENT 1



LeSueur Investments

April 15, 2011

Mr. Brian Tompsett
Mr. Daniel Hodges
Johnson Utilities
5230 E. Shea Boulevard
Scottsdale, AZ 85254

RE: Skyview Farms - Utility Service Request

Dear Mr. Tompsett and Mr. Hodges,

I am writing in regards to the Skyview Farms project, an approximately 1,863 acre master planned community, located north and south of Arizona Farms Road in Florence, Arizona. With the significant slowdown in the residential real estate market, the development activities on Skyview Farms have been delayed. However, the ownership of Skyview Farms is still very much interested in obtaining Water, Wastewater, and Reclaimed Water services from Johnson Utilities (without any delays) when more favorable market conditions return. Please feel free to contact me if you have any additional questions or concerns at (480) 424-3400. We look forward to working with Johnson Utilities in the future.

Sincerely,



Ty LeSueur
Managing Member of Skyview Farms